



STATE BOARD OF EQUALIZATION

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Executive Secretary

April 14, 1978

No. 78/64

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 13

In compliance with your Legislative Committee's proposal that you be informed of the various property tax bills and amendments being proposed in the State Legislature, we submit to you those measures introduced or amended recently that have reached our office.

We are including only those bills or constitutional amendments that we feel are of importance to you as an assessor. Bills concerning the functions of the tax collector, auditor, and other county or special district officials will usually be excluded.

Copies of bills and amendments introduced may be obtained by placing orders with the Legislative Bill Room (State Capitol, Room 1149, Sacramento, 95814).

ASSEMBLY BILLS

AB 1840 IS THE CLEAN-UP LEGISLATION FOR SB 1 (See Attachment)

No. 1840 - Amended April 6, 1978

An act to amend Section 2506 of, and to add Section 2506.1 to, the Education Code, to amend Section 27421 of the Government Code, to amend Section 17052.6, as added by Chapter 1079 of the Statutes of 1977, to amend Sections 253.6, 401.6, 1603.5, 2132, 2261, 2261.1, 2263, 2264, 2265, 2286, 2296, 2297, 2298, 2350, 2351, 2354, 2355, 2611.5, 17206.5, 17384, 18212, 18433, 20503, 20542, 23602, 24427, and 24497, 50000, and 50017, of, to amend and renumber Section 17052.6, as added by Chapter 1100 of the Statutes of 1977, to add Sections 2263.4, 2266.1, 2266.2, 2266.5, 17737.5, 20505, and 24443 to, and to repeal Sections 20505, 20505.2, and 20542 of, the Revenue and Taxation Code, to amend Sections 12400 and 14150 of the Welfare and Institutions Code, and to amend Sections 43, 46, and 47 of Chapter 24 of the Statutes of 1978, relating to taxation, to take effect immediately, tax levy.

Under the existing Personal Income Tax Law and Bank and Corporation Tax Law, stock owned by persons having a specified relationship to the taxpayer is treated as being owned by the taxpayer, for purposes of determining gain from those transfers of stock which are taxable.

This bill would eliminate those provisions which treat such stock as being owned by the taxpayer, for such purposes, except for certain stock held in trust or certain stock owned by a partner or beneficiary of an estate.

ASSEMBLY BILLS (Contd.)No. 1840 - (Contd.)

Under existing provisions of Personal Income Tax Law, the taxation of gains from disposal of realty is computed on specified base periods.

This bill would revise those specified dates.

Under existing provisions of Personal Income Tax Law, a deduction for amounts distributed currently is allowed in determining taxes for certain trusts.

This bill would specify that any amount, within specified limitations, distributed by certain cemetery perpetual care funds for the care and maintenance of certain gravesites for which there is an obligation to furnish care and maintenance shall be considered a distribution solely for purposes of such authority to deduct such amounts in determining taxable income.

Under existing provisions of Personal Income Tax Law, a reasonable extension of time for filing any return or document or for payment of any tax required by such law may be granted by the Franchise Tax Board whenever in its judgment good cause exists.

This bill would require that the Franchise Tax Board determine that good cause exists in granting a reasonable extension for payment of tax and would authorize such board to grant a reasonable extension of time for filing returns and documents without determining that good cause exists.

The Personal Income Tax Law limits the deduction of expenses for foreign conventions.

This bill would limit such deductions under the Bank and Corporation Tax Law.

Under existing law, qualified persons 62 years of age or older who own or rent their homes may claim state funds to reimburse them for a portion of the property taxes paid on their homes.

This bill would provide that unmarried surviving spouses, regardless of age, may claim such state funds if Proposition 8 on the ballot for June 6, 1978 is approved and Proposition 13 on that ballot is rejected.

Existing provisions of the Personal Income Tax Law authorize the deduction of certain casualty losses in the taxable year preceding the taxable year in which the disaster occurred, if such a loss is attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the federal government under the Disaster Relief Act of 1970.

This bill would revise such deduction authorization to apply to losses attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the federal government under an applicable federal disaster act, instead of specifying the Disaster Relief Act of 1970.

Existing provisions of the Bank and Corporation Tax Law authorize certain accrual basis taxpayers to deduct accrued expenses or interest when paid, rather than when accrued.

This bill would eliminate such authorization.

This bill would make technical changes to provisions of Chapter 24 of the Statutes of 1978, would revise procedures for the administration of taxes pursuant to such act, and would eliminate that provision of such act which would repeal a provision of such act requiring assessors to identify properties

ASSEMBLY BILLS (Contd.)No. 1840 - (Contd.)

subject to taxation as owner-occupied dwellings if Proposition 8 on the June 6, 1978, ballot is not approved by the voters or Proposition 13 on such ballot is approved by the voters.

This bill would take effect immediately as a tax levy, but its operative effect would depend upon its effective date.

No. 7 - Amended April 6, 1978 (First Extraordinary Session)

An act to amend Sections 41814 and 84772 of, and to add Sections 41815 and 84773 to, the Education Code, to amend Section 16113 of, and to repeal Section 29100.5 of, the Government Code, and to amend Sections 219, ~~17063, 17687, 18161, 23151, 6359.4, 23151, 23181, 23182, 23184, 23186, 23400, 23401, 23501, 24378, and 24833~~ and 23400 of, and to add Sections ~~17064.8, 17154.5, 18151, 18152, 18153, 18162, and 23401.1~~ 26483 and 26483 to, and to repeal Sections 6354, ~~6359.4, 6395.5, 6383, 6395, 18152, and 18162.5~~ and 6395 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law, 50% of the assessed value of business inventories is exempt from property taxation. Procedures have been established for computing revenue losses caused by such exemption, and the state reimburses entities of local government in full for the amount of such losses.

This bill would increase such exemption ~~to~~ in specified increments, annually, until 100% of the assessed value of business inventories is exempted for the ~~1978/79~~ 1982-83 fiscal year and thereafter.

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill would increase the property tax exemption from business inventories, would affect the subventions to local agencies and would thus affect the continuing appropriation for such purpose. This bill would also limit the amount of such state subventions based on an inventory tax factor.

Existing California Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless such sale or use is exempted from such tax.

Moreover, counties, cities, and certain transit districts are authorized to impose local sales and use taxes in conformity with the state's taxes. Exemptions from state sales and use taxes enacted by the Legislature are automatically incorporated into the local taxes.

This bill would eliminate the exemptions on gold and silver bullion, ~~certain vending machine items,~~ dry ice for shipping and packing, and certain cargo containers, presently exempted under the Sales and Use Tax Law, thus subjecting such items to sales and use tax, and would increase the sales and use tax on certain vending machine items.

Under existing law, "items of tax preference" are defined as excess investment, certain deductions for depreciation, depletion allowances, stock options, capital gains, and reserves for bad debts, as computed for purposes

ASSEMBLY BILLS (Contd.)No. 7 - (Contd.)

of the Personal Income Tax Law or the Bank and Corporation Tax Law. Under such laws, items of tax preference are not included for purposes of computing the normal taxes, but such items are subject under both laws to a special minimum tax. Personal income is taxed at graduated rates ranging from 0.5% to 5.5% of preference income. Bank and corporation preference income is taxed at 2.5% after a \$30,000 exclusion.

This bill would increase the bank and corporation tax rate on preference income to 5%.

Under existing Bank and Corporation Tax Law taxes are imposed according to, or measured by, not income, at the general rate of 9%, and at a rate not to exceed 13% with regard to banks, which is in lieu of other specified taxes.

This bill would increase the bank and corporation taxes by specified increments, would revise the in lieu provisions for banks, and would include financial corporations within those provisions.

Existing Bank and Corporation Tax Law permits specified offsets against the franchise tax for financial corporations.

This bill would allow such offsets if not used, to be carried forward and used to offset taxes due during the income years 1980 through 1985.

The provisions of the bill would only become operative if the proposed constitutional amendment known as the "Jarvis-Gann Initiative" is rejected by the voters.

The bill would take effect immediately as an urgency statute, but would specify various operative dates for its provisions.

No. 11 - Amended April 4, 1978 (First Extraordinary Session)

An act to amend Sections 41814 and 84772 of, and to add Sections 41815 and 84773 to, the Education Code, to amend Section 16113 of, to add Section 29100.5 to, and to repeal Section 29100.5 of, the Government Code, to amend Sections 219, 2229, and 2266 of, to add Section 219 to, and to repeal Section 219 of, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

(1) Existing law exempts from property taxation 50% of the assessed value of business inventories.

This bill would increase such exemption in specified increments, annually, until 100% of the assessed value of business inventories is exempted from taxation for the 1980-1981 fiscal year and fiscal years thereafter.

(2) Under existing law, local agencies are reimbursed by the state for property tax losses due to the business inventory exemption. An amount sufficient to make such reimbursements is continuously appropriated from the General Fund to the Controller for such purpose. The Controller is mandated to reimburse local agencies pursuant to claims for such revenue losses which are submitted by each county auditor.

This bill would limit the amount of tax revenue losses each county may claim to an amount not to exceed the amount of tax revenue losses claimed for the 1977-1978 fiscal year, adjusted by an inventory adjustment factor, as defined.

ASSEMBLY BILLS (Contd.)No. 15 - March 27, 1978 (First Extraordinary Session)

An act to amend Section 1152 of the Revenue and Taxation Code, relating to taxation, making an appropriation therefor.

Existing law provides for the assessment of certified aircraft, as defined, for purposes of property taxation, according to the extent such aircraft are deemed to be situated in this state, as determined pursuant to a specified allocation formula.

This bill would revise such allocation formula.

This bill would also require the Controller to report the amount of claims of local agencies for state reimbursement of property tax revenues lost as a result of this enactment and would appropriate an unspecified amount to the Controller for allocation and disbursement to local agencies for costs incurred by them pursuant to this act.

No. 1336 - Amended April 3, 1978

An act to amend and renumber Section 2617.5 of, and to add Sections 2636, 2708, 2772, and 2927 to, the Revenue and Taxation Code, relating to taxation.

Under existing law a 6% penalty is imposed on property taxes which are not paid in full prior to becoming delinquent. The tax collector or auditor is authorized to cancel a delinquent penalty on the property, with the approval of the board of supervisors on a finding that the delinquency was due to reasonable cause and circumstances beyond the assessee's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, provided the payment is made within 90 days of the first delinquency date or within 30 days after the second delinquency date.

This bill would also authorize such cancellation of the penalty where there was an inadvertent error in the amount of the payment made by the assessee, provided that the principal payment for the amount of tax due is made within 10 days after the notice of shortage is mailed by the tax collector.

The bill would authorize the tax collector, with the approval of the board of supervisors, to accept partial payments of property taxes and compute the delinquent penalty on the unpaid balance of the tax.

No. 2085 - Amended April 4, 1978

An act to amend ~~Section 2610.5~~ Sections 2610.5 and 6388.2 of the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Existing law provides that failure to receive a tax bill from the tax collector of each county does not relieve the fee owner from the liability to pay taxes owed or for penalties.

This bill would provide that no penalty shall be imposed if the tax collector does not mail the tax bill to the address provided on the tax assessor's roll.

Existing California Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless such sale or use is exempted from such tax. There is an exemption from such taxes until June 30, 1978, for the sale or use of certain camp trailers and housecars.

ASSEMBLY BILLS (Contd.)No. 2085 - (Contd.)

Moreover, counties, cities, and certain transit districts are authorized to impose local sales and use taxes in conformity with the state's taxes. Exemptions from state sales and use taxes enacted by the Legislature are automatically incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities, but not the transit districts, for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would continue the exemption of camp trailers and housecars purchased from a dealer outside the state for use outside the state, but delivered to the purchaser within the state, by deleting the June 30, 1978, expiration date for such exemption.

The bill also makes an appropriation in an unspecified amount to the Controller from the State General Fund to make the reimbursements to counties and cities specified in Section 2230 of the Revenue and Taxation Code.

This bill would take effect immediately as an urgency statute.

No. 2113 - Amended April 4, 1978

An act to add Section 40101.5 to the Health and Safety Code, relating to air pollution, ~~and~~ making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

(1) Under existing law, the board of supervisors of a county in which a county air pollution control district is functioning may appropriate funds to a county district to be deposited in the treasury of the county district.

This bill would specifically authorize the board of supervisors of ~~a county~~ the counties of Sonoma and Solano, in which ~~is partly~~ part of the county is in the Bay Area Air Pollution Control District and part is in a county district, to levy an ad valorem property tax on all taxable property, ~~but excluding intangible personal property,~~ within the each such county district ~~to be paid to the county treasurer to the credit of the county district,~~ not to exceed 2 cents per \$100 assessed valuation, to support the activities of the county district.

(2) Existing law provides generally for a maximum property tax in existing local agencies, including county districts, and requires an election of the affected voters to establish such maximum property tax.

This bill would establish the new maximum property tax provided in the bill for support of such county districts notwithstanding such existing law, without election, and would authorize a change to such maximum property tax rate pursuant to the existing provisions of law.

(3) Existing law grants the homeowners' property tax exemption in the amount of \$7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax revenues lost by reason of such exemption.

This bill would increase the amount of such appropriation by authorizing an additional property tax.

The bill would take effect immediately as an urgency statute.

ASSEMBLY BILLS (Contd.)No. 2432 - Amended April 5, 1978

An act to add Part 1.5 (commencing with Section 16250) to Division 4 of Title 2 of the Government Code, relating to state property, and making an appropriation therefor.

Under current law, various local agencies, including counties, cities, and special districts, are authorized to raise funds by means of a property tax upon property located within such agencies. Further, property owned by the State of California is generally exempt from such taxation.

This bill would enact the State Impact Relief Act to provide for the apportionment of funds by the State Board of Control to counties; such apportionment to be based upon the amount (not the dollar value) of certain specified types of state property located within the county. Each county controller would then be required to allocate the funds to eligible taxing agencies, as defined, within the county. This bill would require that the allocation be used to reduce the property tax of the agency receiving the allocation.

This bill would also appropriate \$15,000,000 from the General Fund to the State Impact Relief Fund in order to make such apportionments in the 1979-80 fiscal year.

This bill would also specify that it does not make an appropriation or create an obligation to reimburse local agencies for costs incurred by them pursuant to this bill for a specified reason.

No. 2530 - Amended April 4, 1978

An act to add and repeal Section 41815 of the Education Code, relating to school finance, and declaring the urgency thereof, to take effect immediately.

Under the law as it existed until October 1, 1977, a school district could report more than one unit of average daily attendance for pupils enrolled in certain specified vocational education classes.

This bill would permit a school district which claimed average daily attendance pursuant to such provisions in the 1976-77 fiscal year to claim such attendance in the 1977-78 fiscal year as well.

This bill would take effect immediately as an urgency statute.

No. 2649 - Amended April 5, 1978

An act to amend Section 66424 of the Government Code, relating to subdivision of land.

The Subdivision Map Act defines "subdivision" as the division of any unit or units of land shown on the latest county assessment role as a unit or contiguous units, where the division is for the purpose of sale, non-agricultural lease, or financing. Present law specifically declares that property shall be considered as contiguous units even if it is separated by roads, streets, utility easements, or railroad rights-of-way.

This bill would revise such definition to specify that property shall not be considered as contiguous units if its separated by public roads, streets, highways, or canals or by railroad rights-of-way or by any right-of-way which is owned in fee by someone other than the owner of the property separated by such right-of-way, but shall be deemed contiguous if separated by utility easements.

ASSEMBLY BILLS (Contd.)No. 3366 - March 29, 1978

An act to add Section 31031.5 to the Water Code, relating to water.

Existing law provides that a county water district may not charge more than \$10 per acre per year for the purposes of water stand-by or availability.

This bill would provide that within Tuolumne County Water District No. 2 the maximum stand-by or availability charge per acre per year could not exceed \$20.

No. 3409 - March 29, 1978

An act to amend Sections 1623 and 1626 of the Revenue and Taxation Code, relating to taxation.

Existing law provides that the term of office of members of assessment appeals boards begins on the first Monday in June, except in counties of the first class where such terms begin on the first Monday in September.

This bill would provide that the terms begin on the first Monday in September in all counties, that members continue to serve until their successors take office, and that a member whose term has expired may continue to serve with respect to matters on which the hearing had commenced prior to the expiration of the member's term.

SENATE BILLSNo. 1490 - Amended March 27, 1978

An act to ~~amend Section 2253 of~~ add Sections 2511, 42243.7, and 85123 to the Education Code, to amend Sections 2231, 2236, 2253, 2253.2, and 2253.5 of, to add Sections 2206.8, 2237, 2255.1, and 2271.3 to, and to repeal Section 2234 of, the Revenue and Taxation Code, relating to taxation.

Existing law specifies ~~the type of~~ various procedures relating to claims that may be made to the State Controller for reimbursement to a local entity for costs mandated by the state.

This bill would ~~specify that such provision is applicable to all such claims.~~ revise such procedures.

No. 1569 - February 17, 1978

An act to add Part 5.5 (commencing with Section 982) to Division 3.6 of Title 1 of, to add Article 8.5 (commencing with Section 16424) to Chapter 2 of Part 2 of Division 4 of Title 2 of, the Government Code, and to amend Sections 6014, 6015, 6051, 6052.5, 6201, 17041, 17062, 17062.1, 23151, 23184, 23186, and 23501 of the Revenue and Taxation Code, relating to financing local agencies, and making an appropriation therefor, to take effect immediately, tax levy.

Existing law does not provide for state funds to the appropriated for payment to local agencies for the provision of essential public services.

This bill would establish the "H-P" Fund in the State Treasury to be used for payments to local agencies for essential public services for which there is a resulting deficiency in funding, if the proposed constitutional amendment known as the Jarvis-Gann Initiative is approved by the voters.

The "H-P" Fund would consist of an appropriation of an unspecified amount from the General Fund representing the existing surplus, plus revenues

SENATE BILLS (Contd.)No. 1569 - (Contd.)

representing a 2% rate of sales and use tax, a 20% surcharge in the personal income tax and a rate of 5% of bank and corporation taxes.

Existing California State Sales and Use Tax Law imposes a tax, at the rate of 4 3/4%, on the gross receipts from the sale, use or other consumption in this state of tangible personal property, with specified exemptions, and provides that the net revenues from such taxes shall be transferred to the General Fund.

This bill would raise such state tax rates to 5 3/4% and would extend such taxes to the gross receipts from the sale, use or other consumption in this state of personal services.

Under the existing Personal Income Tax Law, the state imposes a graduated income tax on individuals according to 2 schedules, 1 for heads of households and 1 for other persons.

This bill would impose a 20% surtax on heads of households and other persons.

Under existing Bank and Corporation Tax Law taxes are imposed according to, or measured by, net income, at the general rate of 9%, and at a rate not to exceed 13% with regard to banks, and an additional tax is imposed on amounts of items of tax preference.

This bill would increase the general tax rate and the maximum tax rate to 14% and 18% respectively.

The bill would become operative only if the proposed constitutional amendment known as the Jarvis-Gann Initiative is approved by the voters.

The bill would take effect immediately as a tax levy, but its provisions relating to the increased taxes would become operative on July 1, 1979.

No. 1643 - Amended April 3, 1978

An act relating to school districts, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Existing law provides that the creation of or change of boundary in a school district is not effective for purposes of local assessment and taxation for the fiscal year beginning on the following July 1, unless various state-ments, resolutions, maps, and plats of boundaries were filed by January 1.

This bill would permit the formation of one district and a boundary change in another to become effective for tax purposes for the 1978-79 fiscal year if the required documents have been filed by ~~January 31~~ February 15, 1978.

Existing law grants the homeowners' property tax exemption in the amount of \$7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax revenues lost by reason of such exemption.

This bill would increase the amount of such appropriation by authorizing new entities to impose a property tax.

The bill would also provide that notwithstanding existing law requiring reimbursements and appropriations for state-mandated local programs, there shall be no reimbursement or appropriation made by this bill for a specified reason.

This bill would take effect immediately as an urgency statute and would be repealed effective January 1, 1979.

SENATE BILLS (Contd.)No. 1654 - Amended April 6, 1978

An act to add Section 17041.7 to, and to add Chapter 2.6 (commencing with Section 23450) to Part 11 of Division 2 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

Under existing Personal Income Tax Law and Bank and Corporation Tax Law, non-owner-occupied residential dwellings are treated as capital assets and taxed accordingly.

This bill would, in addition, impose a speculation tax on the gain on the sale or exchange of a non-owner-occupied residential dwelling at a 50% rate for a residential dwelling sold less than 1 year after purchase and at a 30% rate for a residential dwelling sold more than 1 but less than 3 years after purchase.

This bill would take effect immediately as a tax levy and would apply to residential dwellings acquired after September 1, 1978.

No. 1932 - March 27, 1978

An act to amend Sections 5.1 and 5.2 of, and to add Section 5.8 to, the North Delta Water Agency Act (Chapter 283 of the Statutes of 1973), relating to the North Delta Water Agency.

Under existing law, the North Delta Water Agency is required annually to apportion the amount of money to be assessed for general agency purposes among the counties within which lands lying within the agency are located on the basis of the ratio of the assessed value of the taxable land within the agency shown on the last equalized assessment roll of each county to the total assessed value of all the taxable land within the agency, and the board of supervisors of each such county is required to levy and collect such assessment together with county taxes. Existing law also limits the assessment rate for general agency purposes to 10 cents for each \$100 of assessed valuation.

This bill would change the basis for apportioning such agency assessment among such counties to the ratio of the acreage of the taxable land within the agency shown on the last equalized assessment roll of each county to the total acreage of all the taxable land within the agency.

The bill would also authorize any city, reclamation, irrigation, or water district or other public agency having authority to furnish a water supply and located in whole or in part within the agency to pay for the benefits received within the entity from the operation of the agency on the basis of the ratio between the acreage subject to assessment contained in the entity and in the entire county, in lieu of the assessment otherwise imposed by the agency upon the landowners within the entity. The bill would prescribe the procedure for making such an election or rescinding such an election and for making such payments, and would prescribe related matters.

The bill would increase the maximum assessment rate for general agency purposes to 20 cents for each \$100 of assessed valuation.

The bill would provide that there shall be no reimbursement for any state-mandated local program for a specified reason.

No. 1952 - March 28, 1978

An act to amend Section 5784.8a of the Public Resources Code, relating to recreation and park districts.

April 14, 1978

SENATE BILLS (Contd.)No. 1952 - (Contd.)

Existing law allows a city that is located entirely or partially within a recreation and park district to elect to pay out of municipal funds the taxes levied for district purposes, and requires the board of directors of the district to approve the city's election to pay the taxes when specified conditions are met.

This bill would require the board of directors of a district to concur in having the district's operations funded by a city in such manner before the board was required to approve the city's election to pay the taxes.

No. 2051 - March 30, 1978

An act to amend Section 27369 of the Government Code, relating to the county recorder.

Existing law authorizes the county recorder to charge a fee for searching the records of the recorder's office for a death certificate.

This bill would delete such authorization and prescribe that the county recorder charge no fee for the inspection of a search of the recorder's office for a death certificate.

SENATE CONSTITUTIONAL AMENDMENTNo. 60 - Amended April 6, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding subdivision (s) to Section 3 of Article XIII, relating to taxation.

Existing constitutional law provides that all property is subject to property taxation, unless an exemption is otherwise provided in the Constitution. Moreover, with minor exceptions, all property is required to be assessed for property taxation purposes at a uniform percentage of its fair market value. The Legislature has established this ratio at 25%.

The \$1,000 exemption from property taxation, provided for in the Constitution, for veterans, unmarried spouses of deceased veterans, and parents of deceased veterans, and the dollar limitations thereon, have been interpreted by the California courts to be based on the assessed value of taxable property and the full value of other property.

This measure would require the Legislature to revise these figures to maintain the same proportionate values for the veterans' exemptions and limitations thereon in any year in which the assessment ratio is changed.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

JFE:sk
Enclosures

ASSEMBLY BILL 1840

April 6, 1978

Assembly Bill 1840 contains the proposed clean-up language for Senate Bill 1, the Behr Bill. The key changes in this bill that affect you are listed below by page and line number of AB 1840.

Page	<u>Bill</u> Line(s)	<u>Reference</u> Code	Section	Remarks
7	35-39	Gov't	274.21	Jurisdiction's valuation requests remain in effect until cancelled by the jurisdiction
8	30-34	R&T	253.6	One-time filing of affidavits of eligibility (SBE-ASD Form AH 537)
8 & 9	37-9	R&T	253.7	Requires annual notices to recipients of owner-occupancy tax relief benefits explaining conditions of termination
9 & 10	10-8	R&T	401.6	Clarifies enrollment procedures and other aspects of separately valued properties
15	23-34	R&T	2261	Redefines common "other" property
15-16	36-3	R&T	2261	Eliminates district boundary change language affecting commonality
17-18	30-1	R&T	2261	Requires maximum tax rate determinations to be based on total property tax revenue if less than 30 percent of the total taxable assessed value is common property
18	6-36	R&T	2261	Eliminates need to compare 1976-77, 1977-78, and 1978-79 assessed values in cases where 1977-78 property tax revenues were less than those received in 1977-78
64-65	29-12	R&T	2261	Requires immediate implementation of portions of SB 1 and clarifies reimbursement procedures

Please compare these changes/additions with the original version of SB 1 to fully understand their effects on you.

Other portions of AB 1840 will significantly affect county auditor-controller's responsibilities under SB 1.